

Message Text

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DRAFTED BY STR/WBKELLY:TK
APPROVED BY STR/WBKELLY
TRADE POLICY STAFF COMMITTEE
TRADE POLICY REVIEW GROUP(SUBSTANCE
EB/AWOODS

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FM SECSTATE WASHDC
TO USMISSION GENEVA IMMEDIATE
INFO AMEMBASSY OTTAWA

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MTN

E.O. 11652: N/A

TAGS: MTN, OT

SUBJECT: U.S.-CANADIAN MTN BILATERAL

REF: STATE 369

1. THE TRADE POLICY STAFF COMMITTEE (TPSC) HAS APPROVED A
PAPER, "U.S. RESPONSE TO CANADIAN TARIFF REQUESTS", TPSC
78-3, FOR THE USE OF MTN DELEGATION AT JANUARY 10 BILATERAL
MEETING WITH CANADA. SEVERAL AGENCIES RESERVED THEIR
POSITIONS AT THE JANUARY 6 TPSC MEETING BUT THE SUBSTANCE
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OF THE PAPER HAS BEEN APPROVED BY THE TRADE POLICY REVIEW
GROUP.

2. THE TEXT OF THIS PAPER IS AS FOLLOWS:

PROBLEM

THE CANADIAN GOVERNMENT HAS GIVEN THE UNITED STATES AN

ILLUSTRATIVE LIST OF PRODUCTS ON WHICH IT WISHES THE UNITED STATES TO USE ITS MAXIMUM NEGOTIATING AUTHORITY AND ELIMINATE DUTIES. THE CANADIAN GOVERNMENT HAS ALSO MADE SECTOR PROPOSALS ON FOREST PRODUCTS AND ON NONFERROUS METALS. BOTH GOVERNMENTS HAVE AGREED TO HOLD CONSULTATIONS IN EARLY JANUARY SO THAT THE UNITED STATES MAY GIVE A DETAILED RESPONSE TO THE CANADIAN PROPOSALS. THE UNITED STATES MUST NOW DEVELOP A RESPONSE TO THE CANADIAN PROPOSALS.

3. U.S. OBJECTIVES

THE UNITED STATES HAS THREE BASIC OBJECTIVES IN HOLDING CONSULTATIONS WITH CANADA AT THIS TIME. WE SEEK, THROUGH OUR RESPONSE, TO ENSURE THAT CANADA WILL BE A FORMULA COUNTRY AND WILL TABLE A SPECIFIC AND SUBSTANTIAL OFFER SIMULTANEOUSLY WITH THE UNITED STATES. WE ALSO WISH TO ENSURE THAT CANADA IS FULLY AWARE OF THE CONDITIONALITY OF OUR OFFER, INCLUDING OUR EXPECTATION OF FULL RECIPROCITY BOTH QUANTITATIVELY AND QUALITATIVELY. FINALLY, WE WANT CANADA TO UNDERSTAND THAT IT OUGHT NOT INTERPRET OUR WILLINGNESS TO OFFER GREATER THAN FORMULA CONCESSIONS AS A QUID PRO QUO SOLELY FOR ITS WILLINGNESS TO ADHERE TO THE FORMULA.

4. RECOMMENDATIONS

(1) THE U.S. DELEGATION SHOULD INDICATE TO THE CANADIANS THAT WE EXPECT CANADA TO BE A TARIFF FORMULA COUNTRY AND TO TABLE COMPREHENSIVE AND SPECIFIC OFFERS AT THE SAME LIMITED OFFICIAL USE

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TIME AS THE UNITED STATES.

(2) THE U.S. DELEGATION SHOULD INDICATE THAT WE PLAN TO TABLE ON JANUARY 20 MAXIMUM TRADE ACT TARIFF AUTHORITY OFFERS WHERE POSSIBLE ON PRODUCTS OF INTEREST TO CANADA.

(3) THE U.S. DELEGATION SHOULD INFORM THE CANADIANS IN THE COURSE OF THE BILATERALS THAT THE MAINTENANCE OF OUR OFFER IS CONDITIONED ON CANADA'S TABLING OF COMPARABLE OFFERS. CANADA SHOULD MAKE GREATER THAN FORMULA CUTS SO AS TO ASSURE RECIPROCITY. THE U.S. OFFER IS ALSO CONDITIONED ON THE ACHIEVEMENT OF SPECIFIC NEGOTIATING OBJECTIVES.

(4) THE U.S. DELEGATION SHOULD ENSURE THAT THE CANADIANS NOT INTERPRET U.S. WILLINGNESS TO OFFER GREATER THAN FORMULA CONCESSIONS AS A QUID PRO QUO SOLELY FOR THEIR WILLINGNESS TO ADHERE TO THE FORMULA, PARTICULARLY IN THE LIGHT OF THE ADJUSTMENT FACTOR IN THIS FORMULA THAT WILL ENSURE THAT CANADIAN APPLICATION OF THE FORMULA WILL NOT RESULT IN AN AVERAGE CUT GREATER THAN THAT OF OTHER FORMULA COUNTRIES.

(5) THE U.S. DELEGATION MAY DRAW UPON THE TALKING POINTS
CONTAINED IN ATTACHMENT I.

(6) ATTACHMENT II IS SOLELY FOR THE USE OF THE U.S. DELE-
GATION AND SHOULD NOT BE PASSED TO THE CANADIANS. THE
DELEGATION, HOWEVER, MAY DRAW UPON THE INFORMATION TO
PRESENT AN AGGREGATE PERSPECTIVE BUT SHOULD NOT DISCUSS
THE STATUS OF SPECIFIC SECTORS OR SPECIFIC LINE ITEMS AT
THIS TIME.

5. BACKGROUND

(1) CANADA PARTICIPATED IN THE KENNEDY ROUND AS A "SPECIAL
TRADE STRUCTURE" COUNTRY RATHER THAN AS A "FORMULA"
COUNTRY. AS A RESULT, THE BENEFITS IT RECEIVED FROM
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TARIFF REDUCTIONS ON CANADIAN EXPORTS EXCEEDED THOSE IT
GRANTED ON ITS IMPORTS. SINCE THE UNITED STATES AND
CANADA ARE EACH OTHERS' LARGEST TRADING PARTNERS, THE
KENNEDY ROUND PRODUCED A SUBSTANTIAL DISPARITY IN CON-
CESSIONS IN FAVOR OF CANADA VIS-A-VIS THE UNITED STATES.

(2) IN DRAFTING THE TRADE ACT OF 1974, THE CONGRESS TOOK
PARTICULAR CARE TO INTRODUCE PROVISIONS THAT, IN EFFECT,
REQUIRE CANADA TO GIVE THE UNITED STATES FULL RECIPROCITY
IN ORDER TO BENEFIT FROM U.S. CONCESSIONS. TO OBTAIN CON-
GRESSIONAL APPROVAL OF ANY NONTARIFF MEASURE (NTM) PACK-
AGE THAT THE UNITED STATES MIGHT NEGOTIATE IN GENEVA AND
TO FORESTALL PRESSURE TO USE THE RETALIATORY PROVISIONS
OF THE TRADE ACT, IT IS IN CANADA'S GREAT INTEREST TO
PARTICIPATE FULLY IN THE TARIFF FORMULA BY TABLING A
SUBSTANTIAL AND SPECIFIC OFFER. THIS OFFER SHOULD BE
TABLED SIMULTANEOUSLY WITH THE U.S. OFFER.

(3) VICE PRESIDENT MONDALE'S TRIP TO OTTAWA DURING THE
WEEK OF JANUARY 15 PROVIDES AN IDEAL OPPORTUNITY TO EN-
COURAGE, AT THE HIGHEST POLITICAL LEVEL, CANADA'S PRESENTA-
TION OF A SUBSTANTIAL OFFER IN GENEVA ON JANUARY 20. THE
VICE PRESIDENT'S DISCUSSION WITH PRIME MINISTER TRUDEAU
WILL BE PRECEDED BY DETAILED BILATERAL DISCUSSIONS WITH
THE CANADIANS IN GENEVA.

(4) THE FOCUS OF THE U.S. RESPONSE DURING THE BILATERALS
WILL BE AN ILLUSTRATIVE LIST AND TWO SECTOR PROPOSALS
(FOREST PRODUCTS AND NONFERROUS METALS) FOR PRODUCTS WITH
RESPECT TO WHICH CANADA HAS REQUESTED THE UNITED STATES
TO UTILIZE ITS FULL TRADE ACT TARIFF AUTHORITY. TOTAL
U.S. IMPORTS OF THESE PRODUCTS IN 1976 AMOUNTED TO \$9.8
BILLION OF WHICH \$2.4 BILLION (25 PERCENT) CAME FROM
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CANADA.

(5) AT THE BILATERAL THE UNITED STATES SHOULD INDICATE TO THE CANADIANS THAT, IN THE US OFFERS OF JANUARY 20, FULL TRADE ACT AUTHORITY WILL BE UTILIZED ON DOLS. 2.1 BILLION WORTH OF IMPORTS FROM CANADA, OR 85 PERCENT OF THE VALUE OF U.S. IMPORTS FROM CANADA ON PRODUCTS REQUESTED BY CANADA. (SEE ATTACHMENT II).

(6) THE EXTENT TO WHICH THE UNITED STATES CAN MAINTAIN THESE OFFERS WILL DEPEND ON SEVERAL CONDITIONS. THE UNITED STATES EXPECTS CANADA TO TABLE A FORMULA TARIFF OFFER THAT IS COMPARABLE TO THE U.S. OFFER. WE ALSO EXPECT CANADA TO TABLE ITS OFFERS SIMULTANEOUSLY WITH THE UNITED STATES.

(7) CANADA SHOULD MAKE GREATER THAN FORMULA TARIFF CUTS SO AS TO ASSURE RECIPROCITY. IT WOULD NOT BE IN THE U.S. INTEREST TO PROVIDE GREATER THAN FORMULA CONCESSIONS WITHOUT RECEIVING FULL RECIPROCITY FOR THEM OR WITHOUT SECURING EXPORT COMPETITIVE OPPORTUNITIES THROUGH, FOR EXAMPLE, THE ELIMINATION OF TARIFF DISPARITIES OF INTEREST TO THE UNITED STATES. IN THIS REGARD, THE UNITED STATES IS CURRENTLY PREPARING A LIST OF ITEMS ON WHICH IT WILL SEEK GREATER THAN FORMULA DUTY REDUCTIONS FROM CANADA. THE DEGREE TO WHICH THE UNITED STATES MAINTAINS ITS OFFERS WILL DEPEND UPON CANADIAN RESPONSIVENESS TO OUR REQUESTS, WHICH WILL DEAL WITH SPECIFIC TARIFF DISPARITY PROBLEMS AND WHICH WILL ASSURE MAXIMUM DEPTH OF CUT IN THE CANADIAN OFFER.

(8) IN KEEPING WITH THE FACT THAT THE INITIAL U.S. OFFER WILL BE PREFACED BY A HEADNOTE CONTAINING CONDITIONS AND QUALIFICATIONS, IT IS IMPORTANT THAT THE CANADIANS BE INFORMED IN THE COURSE OF THIS BILATERAL OF THE GENERAL NATURE OF THESE CONDITIONS AND QUALIFICATIONS. (SEE LIMITED OFFICIAL USE

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ATTACHMENT I.)

(9) ONE ESPECIALLY IMPORTANT CONDITION AFFECTING THE U.S. OFFER IS THE SUCCESSFUL CONCLUSION OF A SUBSIDIES/COUNTER VAILING DUTY CODE WHICH THE UNITED STATES HAS BEEN ACTIVELY SEEKING. THE SATISFACTORY CONCLUSION OF SUCH NEGOTIATIONS WILL GREATLY INFLUENCE THE U.S. ABILITY TO BIND TARIFFS

AT ZERO. ALMOST ALL OF THE CANADIAN REQUESTS ON THE ILLUSTRATIVE LIST CALL FOR ZERO BINDINGS. U.S. INDUSTRY, AGRICULTURE, AND LABOR ARE RELUCTANT TO REDUCE U.S. TARIFFS TO ZERO IN THE ABSENCE OF A MORE MEANINGFUL INTERNATIONAL DISCIPLINE OVER THE USE OF SUBSIDIES EVEN THOUGH THE TARIFFS, PER SE, MAY OFFER NO DIRECT PROTECTION.

(10) CANADIAN REQUESTS, WHICH FALL IN THE AUTOMOTIVE SECTOR, PRESENT SIGNIFICANT DIFFICULTIES. IT APPEARS THAT CANADA DID NOT REFLECT UPON THE SIZE OR THE IMPLICATIONS OF THESE REQUESTS. MANY OF THE TARIFF LINES HAVE COUNTER-PARTS UNDER THE U.S.-CANADIAN AUTOMOTIVE AGREEMENT AND THE CANADIAN REQUESTS HAVE THE EFFECT OF NEGATING THE TRADE ADVANTAGES THAT IT PRESENTLY ENJOYS. MOREOVER, THE EC, JAPAN, AND MEXICO ARE THE OTHER MAIN COMPETITORS FOR THE U.S. MARKET. GIVEN THE CURRENT ECONOMIC SITUATION IN THE AUTOMOTIVE SECTOR IN CANADA, IT IS DOUBTFUL THAT CANADA COULD SIGNIFICANTLY INCREASE ITS MARKET SHARE IN THESE TARIFF LINES. FROM OUR PERSPECTIVE WE CANNOT ACCEPT A ONE-WAY EXPANSION OF THE U.S.-CANADIAN AUTOMOTIVE AGREEMENT, PARTICULARLY GIVEN THE SIGNIFICANT TARIFF DISPARITIES THAT CURRENTLY EXIST ON PRODUCTS OUTSIDE THE AGREEMENT. FOR EXAMPLE, REPLACEMENT PARTS FOR PASSENGER VEHICLES CURRENTLY ENTER THE UNITED STATES AT A 4 PERCENT RATE OF DUTY WHILE THEY ENTER CANADA AT A 15 PERCENT RATE. IF CANADA WISHES TO PRESS FOR DUTY REDUCTIONS IN THIS SECTOR, LIMITED OFFICIAL USE

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THEN IT SHOULD BE PREPARED TO MAKE VERY SIZEABLE DUTY REDUCTIONS THAT WOULD SIGNIFICANTLY NARROW THE DISPARITIES.

(11) CANADA HAS IMPORTANT NEGOTIATING OBJECTIVES IN RESOURCE-BASED PRODUCTS, PARTICULARLY IN THE WOOD, PAPER, AND NON-FERROUS SECTORS. IN ORDER TO ACHIEVE THESE OBJECTIVES, CANADA HAS BEEN INSISTENT ON THE ESTABLISHMENT OF FORMAL SECTORAL GROUPS FOR NEGOTIATIONS IN THESE PRODUCT AREAS. IN BILATERAL TALKS WITH CANADA IN SEPTEMBER 1977, AMBASSADOR STRAUSS URGED CANADA TO PURSUE ITS SECTORAL OBJECTIVES WITHIN THE GENERAL MTN APPROACHES, SINCE THE U.S. BELIEVES THAT CANADIAN OBJECTIVES CAN BE BETTER ADDRESSED OUTSIDE FORMAL SECTORS GROUPS.

(12) AN ATTEMPT HAS BEEN MADE TO TAKE CANADIAN SECTORAL OBJECTIVES INTO ACCOUNT IN FORMULATING THE U.S. OFFER. THIS OFFER INCLUDES GREATER THAN FORMULA TARIFF REDUCTIONS ON PRODUCTS IN THE WOOD, PAPER, AND NONFERROUS SECTORS. IN ORDER FOR THE UNITED STATES TO MAINTAIN THIS LEVEL OF TARIFF LIBERALIZATION, IT WILL BE NECESSARY FOR US TO OBTAIN AN INCREASE IN TRADE LIBERALIZATION BY OTHER COUNTRIES TO A LEVEL THAT ALLOWS AN EQUIVALENT DEGREE OF

FREEDOM FOR ECONOMIC FORCES TO CONTROL THE FLOW OF TRADE IN THESE PRODUCTS. AMONG OTHER THINGS, THIS REQUIRED LIBERALIZATION WOULD NECESSARILY INCLUDE COMMITMENTS BY CANADA REGARDING ACCESS TO RAW MATERIALS (WOOD AND MINERALS) AND RESTRAINT IN THE GRANTING OF SUBSIDIES THAT AFFECT THESE SECTORS.

(13) FOR SEVERAL OF THE PRODUCTS INCLUDED IN THESE SECTORS, IT IS CRITICAL TO OBTAIN AGREEMENT FROM COUNTRIES OTHER THAN CANADA TO LIBERALIZE THE TARIFF AND NONTARIFF MEASURES THAT CURRENTLY DISTORT TRADE. FOR EXAMPLE, SIGNIFICANT LIBERALIZATION OF JAPANESE RESTRICTIVE INDUSTRIAL STANDARDS, MARKING REQUIREMENTS, AND TRADING COMPANY PRACTICES WILL BE NECESSARY FOR THE UNITED STATES TO MAINTAIN LIMITED OFFICIAL USE

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ITS OFFERS ON CERTAIN WOOD PRODUCTS. IT WILL ALSO BE NECESSARY TO REDUCE TARIFF DISPARITIES AND TARIFF PREFERENCES AFFECTING THESE PRODUCTS.

(14) PRODUCERS OF CERTAIN NONFERROUS PRODUCTS ARE CURRENTLY EXPERIENCING SEVERE ECONOMIC PROBLEMS DUE TO INCREASED LEVELS OF PRODUCTION AND EXPORTATION OF NON-FERROUS METALS BY SOME COUNTRIES DURING A PERIOD WHEN WORLD-WIDE DEMAND IS IN A PROLONGED SLUMP. IF THESE CONDITIONS DO NOT IMPROVE, WE MAY HAVE TO REEXAMINE THE MAINTENANCE OF THESE OFFERS.

6. TALKING POINTS ATTACHMENT I

(1) WE EXPECT CANADA TO BE A FORMULA COUNTRY AND TO TABLE SPECIFIC AND COMPREHENSIVE OFFERS AT THE SAME TIME AS THE UNITED STATES. OUR CONGRESSIONAL ADVISORS WILL BE LOOKING CLOSELY AT THE OFFERS FROM CANADA IN VIEW OF THE SPECIFIC PROVISIONS INSERTED IN THE TRADE ACT CONCERNING CANADA. WE EXPECT CANADA TO ADVISE US OF THE NATURE AND TIMING OF THEIR PROPOSED OFFERS PRIOR TO THE TABLING OF THE U.S. OFFERS.

(2) THE UNITED STATES HAS COMPLETED INITIAL PREPARATION OF THE U.S. TARIFF OFFER AT THE SUBCABINET LEVEL. AN ANALYSIS OF THE POTENTIAL U.S. OFFER SHOWS THAT THE U.S. WILL MAKE AN OFFER THAT WILL COVER THE VAST MAJORITY OF THE PRODUCTS OF INTEREST TO CANADA. WE WILL MAKE FULL TRADE ACT AUTHORITY CUTS ON ITEMS HAVING A TRADE VALUE OF DOLS. 2.1 BILLION TO CANADA IN 1976.

IN ADDITION, WE WILL MAKE FORMULA CUTS ON ITEMS HAVING A TRADE VALUE TO CANADA OF DOLS. 0.1 BILLION IN LIMITED OFFICIAL USE

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1976. MANDATORY AND OTHER EXCEPTIONS ACCOUNT FOR ONLY DOLS. 0.3 BILLION OF CANADIAN TRADE. FURTHER, OUR PRE-LIMINARY ANALYSIS INDICATES THAT THE U.S. TARIFF OFFER INDUSTRIAL PRODUCTS WILL PROVIDE A SUBSTANTIALLY GREATER THAN 40 PERCENT DEPTH OF CUT ON U.S. IMPORTS FROM CANADA. IN THE LIGHT OF THE EXTENT OF OUR PROPOSED OFFER TO CANADA WE WILL REQUIRE CANADA TO MAKE AN OFFER THAT WOULD PROVIDE U.S. EXPORTS A COMPARABLE DEPTH OF CUT.

(3) IN ORDER TO ATTAIN THE GOAL OF CONDUCTING THE NEGOTIATIONS ON THE BASIS OF THE PRINCIPLES OF MUTUAL ADVANTAGE, MUTUAL COMMITMENT AND OVERALL RECIPROCITY TO ACHIEVE AN OVERALL BALANCE OF ADVANTAGE AT THE HIGHEST POSSIBLE LEVEL, THE U.S. OFFER MAY BE ADJUSTED AS THE RESULT OF BILATERAL AND PLURILATERAL NEGOTIATIONS AND SHALL BE IMPLEMENTED ONLY IF, TO THE SATISFACTION OF THE UNITED STATES, APPROPRIATE CONCESSIONS OR CONTRIBUTIONS HAVE BEEN RECEIVED FROM OTHER PARTICIPANTS IN THE NEGOTIATIONS. IN MEASURING SUCH CONCESSIONS OR CONTRIBUTIONS, THE UNITED STATES WILL TAKE INTO ACCOUNT BILATERAL AND SECTORAL BENEFITS AS WELL AS THE OVERALL BALANCE OF ADVANTAGE.

(4) IN KEEPING WITH THESE OBJECTIVES, IMPLEMENTATION OF MANY U.S. OFFERS IS CONDITIONED UPON ATTAINING SPECIFIC CONCESSIONS ON TARIFFS AND NONTARIFF MEASURES FROM OTHER COUNTRIES. IN THIS REGARD, THE UNITED STATES PLACES A HIGH PRIORITY ON THE LIBERALIZATION OF NONTARIFF MEASURES IN CONJUNCTION WITH THE LIBERALIZATION OF TARIFFS, INCLUDING THE CONCLUSION OF SUCCESSFUL AGREEMENTS ON SUBSIDIES, STANDARDS, AND GOVERNMENT PROCUREMENT PRACTICES. THE UNITED STATES WILL BE PREPARED TO DISCUSS THESE CONDITIONS IN LATER BILATERAL NEGOTIATIONS. IN ADDITION, OFFERS OF DUTY ELIMINATION SHALL BE IMPLEMENTED SUBJECT TO SATISFACTORY CONCLUSION OF NEGOTIATIONS ON SUBSIDIES AND COUNTERVAILING DUTIES.

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(5) THE MAINTENANCE OF U.S. OFFERS IS CONDITIONED UPON CANADA'S TABLING OF COMPARABLE OFFERS. CANADA SHOULD MAKE GREATER THAN FORMULA CUTS SO AS TO ASSURE RECIPROCITY. WE WILL BE PRESENTING, IN THE COURSE OF THE NEGOTIATIONS, A REQUEST LIST TO CANADA FOR GREATER THAN FORMULA DUTY REDUCTIONS ON PRODUCTS OF INTEREST TO THE UNITED STATES. THE DEGREE TO WHICH THE UNITED STATES CAN MAINTAIN ITS

OFFERS WILL BE GOVERNED BY CANADIAN (AND OTHERS') RESPONSIVENESS TO OUR REQUESTS.

(6) THE CANADIAN ILLUSTRATIVE LIST CONTAINS SEVERAL ITEMS FALLING WITHIN THE AUTOMOTIVE SECTOR. THESE PRODUCTS ACCOUNT FOR NEARLY \$3 BILLION OR ONE-THIRD OF THE TOTAL MFN IMPORTS ON THE CANADIAN ILLUSTRATIVE LIST. THE UNITED STATES IS UNWILLING TO MAKE UNILATERAL DUTY REDUCTIONS THAT WOULD EXPAND IN ONLY ONE DIRECTION THE CURRENT FREE TRADE ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA IN THIS SECTOR. HOWEVER, IF CANADA IS WILLING TO MAKE SIZEABLE DUTY REDUCTIONS THAT WOULD SIGNIFICANTLY REDUCE THE TARIFF DISPARITIES THAT EXIST IN THIS SECTOR, THE UNITED STATES WOULD MAINTAIN ITS INITIAL OFFER.

WITH RESPECT TO ITEMS NOT NOW INCLUDED IN THE U.S.-CANADIAN AUTOMOTIVE AGREEMENT, WE SUGGEST THAT CANADA REVIEW ITS REQUEST IN THIS SECTOR SINCE MANY OF THE TARIFF LINES HAVE COUNTERPARTS UNDER THE AUTOMOTIVE AGREEMENT AND CANADIAN REQUESTS HAVE THE EFFECT OF NEGATING THE TRADE ADVANTAGE IT CURRENTLY ENJOYS.

(7) THE U.S. OFFER INCLUDES GREATER THAN FORMULA TARIFF REDUCTIONS ON PRODUCTS IN THE WOOD, PAPER, AND NONFERROUS SECTORS. IN ORDER FOR THE UNITED STATES TO MAINTAIN THIS LEVEL OF LIBERALIZATION, IT WILL BE NECESSARY FOR US TO LIMITED OFFICIAL USE

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OBTAIN AN INCREASE IN TRADE LIBERALIZATION BY OTHER COUNTRIES TO A LEVEL THAT ALLOWS AN EQUIVALENT DEGREE OF FREEDOM FOR ECONOMIC FORCES TO CONTROL THE FLOW OF TRADE IN THESE PRODUCTS. AMONG OTHER THINGS, THIS REQUIRED LIBERALIZATION WOULD NECESSARILY INCLUDE COMMITMENTS BY CANADA REGARDING ACCESS TO RAW MATERIALS (WOOD AND MINERALS) AND RESTRAINT IN THE GRANTING OF SUBSIDIES THAT AFFECT THESE SECTORS.

7. ATTACHMENT II - SUMMARY ANALYSIS OF CANADIAN INTERESTS IN U.S. TARIFF CONCESSIONS (IN MILLIONS OF U.S. DOLLARS)

CANADIAN NONFERROUS FOREST				
REQUEST	PROPOSAL	PRODUCTS	TOTAL	
LIST	PROPOSAL			

TOTAL 1976

DUTIABLE U.S.

IMPORTS FROM	1748.8	494.2	184.2	2427.2
CANADA OF WHICH				

(A) MANDATORY

EXCEPTIONS 1.1 -- -- 1.1

(B) NO OFFERS 52.6 223.1 -- 275.7

(C) LESS THAN
FORMULA OFFERS -- -- 0.7 0.7

(D) FORMULA OFFERS 64.7 33.7 -- 98.4

(E) GREATER THAN
FORMULA OFFERS -- -- -- --

(F) FULL TA
AUTHORITY OFFERS 1630.4 237.4 183.5 2051.3
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TOTAL.U.S. MFN 7824.3 1283.6 681.4 9789.3
IMPORTS

MEMORANDA ITEMS

TOTAL DUTIABLE 1976 U.S. IMPORTS FROM CANADA DOLS
7.181 BILLION.
TOTAL DUTIABLE 1976 U.S. MFN IMPORTS FROM WORLD -
DOLS 83.9 BILLION. VANCE

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Review Release Event: n/a
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Review Withdrawn Fields: n/a
SAS ID: 3806443
Secure: OPEN
Status: NATIVE
Subject: U.S.-CANADIAN MTN BILATERAL
TAGS: ETRD, CA, US, MTN
To: GENEVA USMTN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/16bb6de5-c288-dd11-92da-001cc4696bcc
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